

SECRET

25X1

SUBJECT Working out of the "New Course"

NO. OF PAGES 25X1 2

**SUPP. TO
REPORT NO.**

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES, WITHIN THE MEANING OF TITLE 18, SECTIONS 793 AND 794, OF THE U.S. CODE, AS AMENDED. ITS TRANSMISSION OR REVELATION OF ITS CONTENTS TO OR RECEIPT BY AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. THE PENALTIES FOR THIS OFFENSE ARE REPEALED.

THIS IS UNEVALUATED INFORMATION

25X1

1. The most perceptible loosening of controls under the "new course" was in the agricultural area, where members were permitted to leave the kolkhozes. In the spring of 1953 there were in Hungary 5,315 kolkhozes with about 500,000 members. In Jan 1954 there were 4,677 kolkhozes remaining, with about 263,000 members. That is, some 12 percent of the kolkhozes were dissolved, but about 52 percent of the members left, a very striking fact in view of the pressures exerted to retain the peasants.
2. There has been a partial restoration of freedom in small crafts and businesses, in communities with less than 3,000 inhabitants. In Szabolc (sic) county alone, 400 small businesses were reopened in accordance with this decree within a single month. In the same county 31 handworkers took out state loans to the amount of 80,000 forints.
3. With the exception of a few small ones, the Hungarian internment camps had been dissolved at the end of 1953. Deportees were allowed to return freely.
4. It is also well established that the AVH has suffered a diminution of 25 percent. The discharged officers and soldiers have been taken into industry. A considerable number of regular soldiers have also been released from the expiration of their terms.
5. During the last six months [1953] about 1,000 Hungarian Jews have received official permission to go to Palestine.
6. Shortage of raw materials has produced slow-ups in the armament industry during recent months. Several armament plants dismissed numbers of workers; at the Budapest Ganz factory, 300 were let go. The most striking feature was that those retained were not kept on the basis of political reliability and Communist training, as formerly, but for technical skill. Another striking fact in this area is that in Nov and Dec 1953 a number of armaments industries agreed "voluntarily" to produce civilian goods outside their quotas.

SECRET

T. FORTY TWO SUBJECT

DISTRIBUTION	STATE	ARMY	Navy	AIR	FBI	ORR IV
--------------	-------	------	------	-----	-----	--------

This report is for the use within the U.S. of the Intelligence components of the Departments or Agencies indicated above. It is not to be transmitted overseas without the concurrence of the originating office through the Assistant Director of the Office of Collection and Dissemination, CIA.

25X1

SECRET

- 2 -

7. Things have also been made easier for labor, especially in the area of resignation. Workers who have been taken to new places and who have been unable to find appropriate housing after six months are now allowed to give notice. The right of factory management to demand overtime work has been limited. Working hours of women and children have been better regulated; the protection of mothers and prospective mothers has been improved. Fines are no longer allowed as disciplinary measures. The decisions of equalizing committees with regard to disciplining workers are now required to be brought into regular courts. The area of activity of unions has been increased.

- end -

732.101	37M
735.31	37M
812.2	37M(RK)
117.915	37M
762	37M
112	37M
135.1	37M
176.1	37M
103.47	37M

country alone, 4.0

SECRET

about 1,000 German Jews have received official per-